

Office of East Asian Analysis  
DIRECTORATE OF INTELLIGENCE

3 August 1982

NOTE FOR: Acting DDI

Dick,

Attached is some material on  
the current state of play on US-China  
negotiations which the DCI might find  
useful as background for his session  
tomorrow afternoon with Judge Clark.

*SL/for*

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Director

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## US-CHINA: THE TAIWAN ISSUE

Beijing's delayed and relatively unaccomodating response to the last US proposal on a Taiwan communique indicates that the US relationship is under intense discussion at senior political levels.

- The limited accomodations to US needs in the Chinese draft tabled last Friday and the direct media criticism of the Reagan administration over the last few days suggest that there are sharp divisions on how to deal with the Taiwan communique and Washington.
- China's political leadership is in the midst of important meetings—work conferences, a party plenum, and a subsequent party congress—in Beijing; Deng handled the final negotiations on normalization during a similar series of high level gatherings in 1978, but this time he has not been involved directly since the US side presented its final language on 12 July. This indicates his manueverability on this issue may be circumscribed by would-be antagonists and critics on the US tie.
- We cannot judge whether these political divisions have dictated the shape of the latest Chinese draft or whether the draft reflects a bargaining stance that will give way to further accomodation. We believe media criticism of US foreign policy in general, however, strongly implies that Chinese leaders see clear limits on Beijing's future cooperation with Washington even if an agreement is fashioned on the Taiwan issue.

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